



Appropriations Update

Committee on the Budget • Majority Caucus
U.S. House of Representatives
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FISCAL YEAR 2005 EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR HURRICANE DISASTER ASSISTANCE Conference Report

SUMMARY

Division B of the conference report accompanying the Military Construction appropriations bill (HR 4837; Public Law 108-324) provides \$14.528 billion in emergency-designated budget authority [BA], and \$6.995 billion in related emergency outlays. The measure provides disaster assistance to mitigate the effect of recent hurricanes and other weather-related events. These emergency funds are in addition to the \$2 billion in BA for hurricane disaster aid provided in September 2004 by Public Law 108-303.

All the BA in the supplemental is designated as emergency spending under section 402 of the fiscal year 2005 budget resolution (S.Con.Res. 95, as applied in the House by H.Res. 649, 108th Congress), and hence is not counted in enforcing spending limits set by the budget.

The measure also would transfer certain non-emergency appropriations previously provided for fiscal year 2004, resulting in increased non-emergency outlays in 2005.

Table 1: Fiscal Year 2005 Emergency Supplemental Appropriations
(fiscal years; millions of dollars)

Function	Request ^a	Conference ^a	Difference
Emergency Budget Authority	11,855	14,528	2,673
Emergency Outlays	4,601	6,995	2,394
Non-Emergency Outlays	0	29	29

^a Does not include \$622 million in outlays for 2005 from the 2004 Disaster Relief Supplemental (Public Law 108-303)

COST OF THE LEGISLATION

As noted above, the conference report provides \$14.528 billion in emergency fiscal year 2005 BA and \$6.995 billion in related emergency outlays. This amount includes \$3.069 billion in BA and \$2.779 billion in outlays for increases in mandatory programs. These costs arise from changes to the Commodity Credit Corporation Fund for agricultural disaster relief (discussed in more detail below). When the cost of this conference report is added to the cost of Public Law 108-303, which also provided disaster assistance funds,

total emergency-designated funding for disaster relief enacted in calendar 2004 becomes \$16.528 billion in BA and \$7.617 billion in outlays.

The emergency funding in this agreement goes to programs normally funded by 11 of the 13 appropriations subcommittees (only the District of Columbia and Legislative Branch subcommittees are excluded). This funding will be included in the baseline estimates of fiscal

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year 2006 discretionary spending by the Congressional Budget Office in January 2005. In general, however, this funding is not considered in establishing the appropriate spending levels for the forthcoming budget resolution.

The conference report also authorizes the Secretary of the Department of Veterans' Affairs to transfer between

programs certain non-emergency funds previously provided for fiscal year 2004. This increases fiscal year 2005 non-emergency outlays by \$29 million. For purposes of enforcing the budget resolution, those outlays are counted as spending by the subcommittee of jurisdiction. This language increases total outlays provided by the conference report to \$7.024 billion.

COMPLIANCE WITH THE BUDGET RESOLUTION

Because all supplemental appropriations in the conference report designate the new budget authority as an emergency requirement – pursuant to section 402 of the fiscal year 2005 budget resolution – these amounts are not counted against the allocations established under the budget resolution.

Although the bill technically complies with the resolution, the report accompanying the appropriations (H. Rept. 108-607) does not include the explanation describing the manner in which the emergency amounts meet the criteria of necessary, sudden, urgent, unforeseen, and temporary that is also required by the budget resolution. This omission makes it difficult to determine the extent to which funds provided

by this bill are expected to be necessary only in the current fiscal year. Still, it is expected that the supplemental appropriations represent one-time spending.

It should also be noted that language in the conference report directs how the costs of certain entitlement provisions for agriculture are to be included. In particular, it calls for savings from the Conservation Security Program not to be counted in the budget until 2008, even though the savings begin in 2006. This language violates section 306 of the Budget Act, because such matters fall under the jurisdiction of the Budget Committee. The Budget Committee Chairman has not accepted the directive contained in this legislation.

DISCUSSION

The conference agreement provides \$2.673 billion in BA above the amount requested by the President (see Table 1 on the preceding page). This is primarily a result of increased funding of \$2.575 billion for the Farm Service Agency.

In nearly every agency, the report provides funding at levels consistent with the President's request. This includes funding for the Department of Homeland Security Emergency Preparedness and Response (\$6.5 billion) and the U.S. Coast Guard (\$33 million); the Department of Transportation Federal Aid Highways for emergency relief (\$1.202 billion) and Federal Aviation Administration emergency repair to damaged facilities (\$30 million); the Department of Defense (\$1.077 billion); and the Small Business Administration Disaster Loan Program (\$929 million).

Table 2, on the next page, compares the President's request to the conference agreement, by agency. Those agencies with changes from the President's request include:

Agriculture - Compared with the President's request, the conference report adds \$2.650 billion for Agriculture programs, primarily associated with an increase in the Farm

Service Agency (\$2.575 billion) for the Emergency Conservation Program and the Commodity Credit Corporation Fund. This increase is offset in subsequent fiscal years through changes in mandatory programs discussed further below. Increases also are provided to the Natural Resources Conservation Service (\$65 million) for watershed and flood prevention operations, and to the Risk Management Agency (\$10 million) for the Federal Crop Insurance Corporation Fund.

Corps of Engineers - The conference report adds \$10 million, compared with the President, for Operations and Maintenance for the Corps of Engineers.

Commerce - An additional \$9 million is provided for the National Oceanic and Atmospheric Administration - Operations and Research.

Interior - The measure adds \$5 million for the Department of Interior Bureau of Reclamation-Water Resources.

Justice - Increases in the conference agreement are partly offset by a \$1-million decrease for Department of Justice General Administration.

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Table 2: Fiscal Year 2005 Emergency Supplemental Appropriations by Agency
(fiscal years; millions of dollars)

Agency	Request 2005 BA	Request 2005 OL ^a	Conference 2005 BA	Conference 2005 OL ^{a,b}	Difference BA	Difference OL
Department of Homeland Security	6,533	1,876	6,533	1,876	0	0
<i>Emergency Management</i>	6,500	1,876	6,500	1,850	0	0
<i>Coast Guard</i>	33	26	33	26	0	0
Department of Transportation	1,232	210	1,232	210	0	0
<i>Federal Highway Administration</i>	1,202	192	1,202	192	0	0
<i>Federal Aviation Administration</i>	30	18	30	18	0	0
Department of Defense	1,077	750	1,077	750	0	0
<i>Operations and Maintenance</i>	748	581	748	581	0	0
<i>Procurement</i>	150	77	150	77	0	0
<i>Research, Development, Test and Evaluation</i>	6	3	6	3	0	0
<i>Military Construction</i>	148	16	148	16	0	0
<i>Family Housing</i>	21	14	21	14	0	0
<i>Revolving and Management Funds</i>	4	3	4	3	0	0
<i>Allowances</i>	0	56	0	56	0	0
Department of Agriculture	968	688	3,618	3,068	2,650	2,380
<i>Risk Management Agency</i>	5	3	15	10	10	7
<i>Farm Service Agency</i>	579	495	3,154	2,829	2,575	2,334
<i>Natural Resource Conservation Service</i>	185	111	250	150	65	39
<i>Rural Development</i>	68	6	68	6	0	0
<i>Rural Housing Service</i>	18	14	18	14	0	0
<i>Forest Service</i>	113	59	113	59	0	0
Small Business Administration	929	554	929	554	0	0
Corps of Engineers - Civil Works	362	240	372	248	10	8
Department of Housing and Urban Development	150	3	150	3	0	0
National Aeronautics and Space Administration	126	66	126	66	0	0
Department of Veterans Affairs	125	89	125	89	0	0
International Assistance Programs	100	18	100	18	0	0
Department of Interior	93	23	98	23	5	0
Executive Office of the President	70	53	70	53	0	0
Department of Health and Human Services	50	217	50	17	0	0
Department of Justice	25	7	24	7	-1	0
Department of Commerce	12	7	21	13	9	6
Environmental Protection Agency	3	0	3	0	0	0
Total	11,855	4,601	14,528	6,995	2,673	2,394

^a Does not include \$622 million in outlays for 2005 associated with the 2004 Disaster Relief Supplemental (Public Law 108-303)

^b Outlays for the Department of Veterans Affairs do not include \$29 million in non-emergency outlays, as included in the conference report.

CHANGES IN MANDATORY PROGRAMS

The conference report includes changes to three mandatory Agriculture programs: the Commodity Credit Corporation Fund, the Crop Insurance Corporation Fund, and the Conservation Security Program.

The conferees increased funding for crop disaster assistance through the Commodity Credit Corporation Fund and the Crop Insurance Corporation Fund, and offset spending from the Conservation Security Program. The funding is intended to mitigate the effects of recent hurricanes in the southeast

and drought in the west. The limitation on payments for this program is estimated to have savings beginning in 2006. Therefore, the initial BA cost in 2005 for increasing crop disaster assistance is almost completely offset by savings over the period 2006-14 from the limitation placed on the Conservation Security Program. (Costs exceed savings by \$226 million over 10 years.) Such changes should be handled by authorizing committees, but it is common to see mandatory agricultural disaster assistance included in supplemental appropriations measures.

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